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AGRICULTURAL OUTLOOK DIGEST

ECONOMIC RESEARCH SERVICE • U. S. D. A. • WASHINGTON, D. C. AOD-80 AUGUST 1961

The Agricultural Act of 1961 was signed into law by the President on August 8. Wheat stabilization and feed grain programs are major provisions.

Wheat Program--The wheat program calls for a minimum 10 percent cut in the national allotment of 55 million acres for the 1962 crop. Producers who agree to divert at least 10 percent of their presently allotted wheat acreage to soil-conserving uses will be eligible for conservation payments and for higher price supports. Up to 40 percent of a grower's wheat allotment can be set aside for this purpose--and even more if the acreage is very small.

At least two-thirds of the wheat growers must approve the new marketing quotas for the program to take effect. Farmers vote in a national referendum on August 24. If they approve, the Act provides that those who later participate will be eligible for price supports. On August 9, the Secretary of Agriculture set \$2.00 per bushel as the minimum national average support price for 1962-crop wheat in 39 designated commercial producing States. This price reflects 84.4 percent of the August 1961 wheat parity price of \$2.37 per bushel. It compares with the 1961-crop support price of \$1.79 per bushel.

Possible effects of the wheat program: (1) Reduce wheat production and supplies, (2) Cut Government storage costs, (3) Raise farm income.

Feed Grain Program--The feed grain program is substantially the same as that of 1961. An additional provision: Barley growers are now eligible for payments if they set aside acreages to an approved conservation use and do not increase corn and sorghum grain acreages above the 1959-60 average. Special exemption is given to producers of malting barley.

SOYBEANS--Indications on August 1 point to a record soybean crop in 1961 of 683 million bushels, up 124 million from the previous year. Crushings and exports are also likely to set records during 1961-62 taking a good part of the expected increase provided by the 1961 crop, but still leaving end-of-year carryover (September 30, 1962) up sharply from the 5 million bushels of the year before.

Soybean prices to farmers are expected to average close to the \$2.30 per bushel support rate during most of this fall's heavy harvest. Last fall, when the support was \$1.85, prices received by farmers averaged about \$2.00 per bushel.

FEED--Total feed concentrate supply in 1961-62 is expected to be about 246 million tons, 5 percent less than 1960-61 and the first dip in supplies since 1952. Prospects also are for total feed grain use to exceed production, resulting in some withdrawal of grain from this year's record carryover of 85 million tons. The brighter outlook for feed grains is largely due to reduced corn and sorghum acreages through farmers' participation in the 1961 feed grain program.

COTTON--The 1961 cotton crop, according to August 1 prospects, is estimated at about 13.8 million running bales, about 400,000 bales below last year. Disappearance of cotton in the United States during the 1961-62 marketing year is expected to be about 14.5 million bales, slightly less than in 1960-61. Exports probably will be smaller than the 6.6 million bales estimated for 1960-61. Mill consumption will probably be larger than the 8.2 million bales of last season.

WHEAT--Total wheat supply for the 1961-62 marketing year is estimated at 2.6 billion bushels, slightly below the record of last year. Estimates for domestic disappearance are about 595 million bushels, also slightly below last year. Exports at 675 million are expected -- a little above the 1960-61 record of 662 million bushels. Prospective carryover on July 1, 1962, of about 1.35 billion bushels, would be slightly below the 1961 carryover and the first decline in stocks since 1958.

LIVESTOCK--With hog slaughter this fall coming from the 7 percent larger pig crop than a year earlier, prices are likely to average below last fall's levels.

The current drought could be an important factor in the cattle outlook for the rest of 1961. Cattle slaughter will probably only be up slightly from a year earlier unless supplies increase from the drought areas. If this occurs, prices of both fed and grass cattle may become depressed.

POULTRY AND EGGS--Broiler slaughter continues heavy. Marketings from late August to about mid-November will be up 10 percent from last year. The U. S. average broiler price in mid-July was 12.6 cents compared with 17.7 cents last July. In early August there was a modest price recovery.

The mid-July U. S. average egg price was 34.1 cents per dozen, 3 cents above the month before and 2 cents above the year before. Egg production in August is likely to be above August 1960, although declining seasonally. Egg production will continue to decline seasonally for another month or two.

DAIRY--Cash receipts to farmers from sale of milk and farm separated cream in January-July 1961 ran about 3 to 4 percent ahead of a year ago. About half of the increase was due to higher milk prices; the rest, primarily to larger milk production and farmers shift to selling whole milk. For all of 1961, cash receipts will probably exceed those of 1960 by around 3 or 4 percent.

TOBACCO--Estimates for the 1961 flue-cured crop, as of August 1, are 1,240 million pounds--11 million below last year's crop. The 1961-62 total supply--production plus carryover--is expected to be about 1 percent lower than for 1960-61.

VEGETABLES--Supplies of fresh vegetables, excluding melons, are expected to be moderately smaller late this summer than a year earlier. During the next 5 to 6 weeks, prices received for fresh vegetables are likely to average moderately above those of a year earlier.....First production estimates indicate about the same early fall cabbage and carrots as last year but substantially more celery. First production estimates for fall potatoes indicate a crop of 190 million hundredweight, 8 percent higher than last year's large crop.